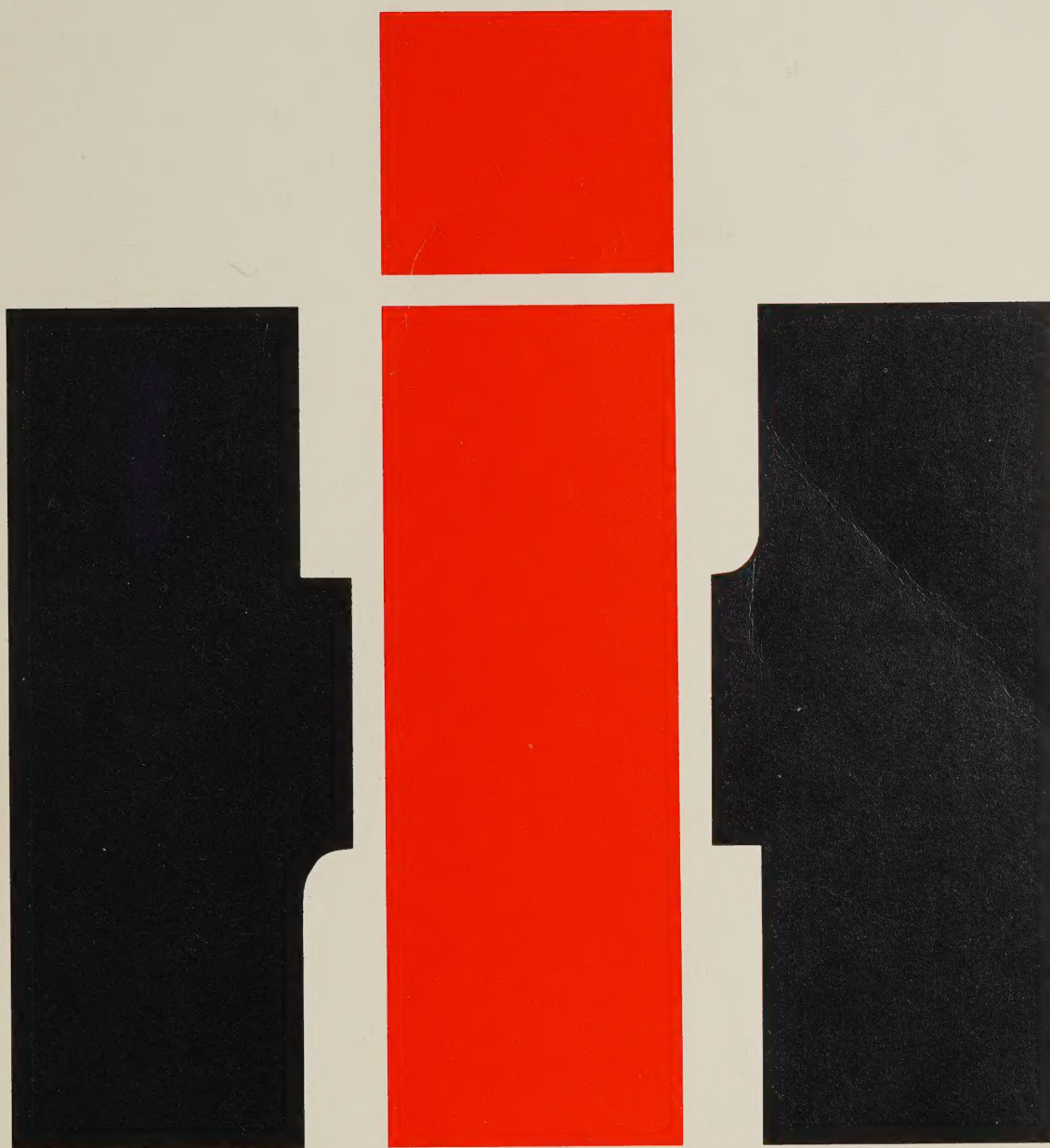


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**INTERNATIONAL HARVESTER  
CANADA**

**Annual Report 1974**



# International Harvester Company of Canada, Limited

General Offices: 208 Hillyard Street, Hamilton, Ontario, L8N 3S5

## Annual Report 1974

The fiscal year ended October 31, 1974

### Financial Highlights

	1974	1973
Sales	<b>\$550,022,000</b>	\$469,237,000
Net Income	<b>\$ 23,640,000</b>	\$ 21,761,000
Per cent of Sales	<b>4.30%</b>	4.64%
Per cent of Shareholders' Equity — Beginning of Year	<b>19.38%</b>	19.78%
Dividends Paid	<b>\$ 11,700,000</b>	\$ 9,800,000
Income Retained	<b>\$ 11,940,000</b>	\$ 11,961,000
Taxes — Federal, Provincial and Local	<b>\$ 45,728,000</b>	\$ 43,033,000
Depreciation and Amortization	<b>\$ 4,884,000</b>	\$ 4,762,000
Capital Expenditures	<b>\$ 19,977,000</b>	\$ 8,547,000
Long-term Debt	<b>\$ 71,709,000</b>	\$ 54,598,000
Shareholders' Equity at End of Year	<b>\$133,916,000</b>	\$121,976,000
Average Number of Employees (Canada)	<b>7,144</b>	6,510

*Ce rapport est publié en français  
et en anglais. Si vous préférez un  
exemplaire français, veuillez écrire  
au Directeur des Relations publiques  
de la compagnie.*





Officers and Executive Committee (left to right):  
W.R. Fleming, W.N. Smith, J.A. Hart, L.W. Lincke, R.E. Penfold, J.L. Wade, E.R. Griffith, E.L. Edmonds.

## Directors and Officers

at October 31, 1974

### BOARD OF DIRECTORS

Charles C. Brannan	Joseph A. Hart
William E. Callahan	Lester W. Lincke
Earle L. Edmonds	W. Norman Smith
William R. Fleming	John L. Wade

### OFFICERS

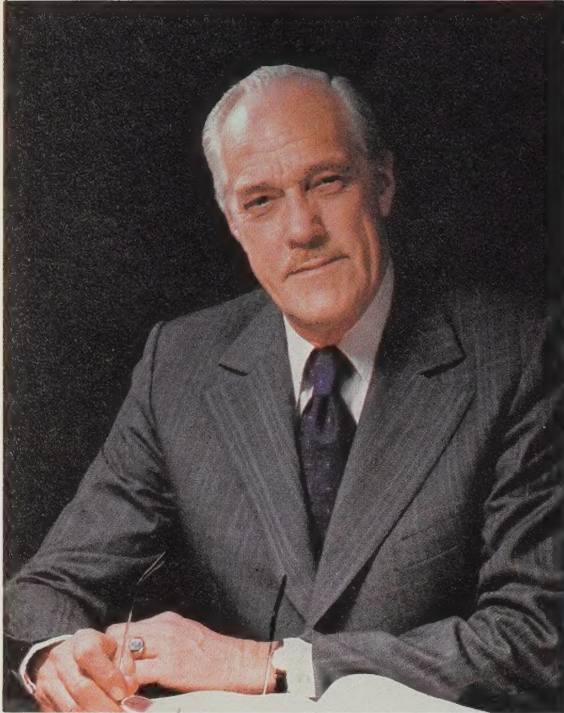
W. Norman Smith	<i>President</i>
William R. Fleming	<i>Senior Vice President, Marketing</i>
Joseph A. Hart	<i>Vice President, Manufacturing and Employee Relations</i>
Lester W. Lincke	<i>Vice President and Comptroller</i>
John L. Wade	<i>Vice President, Agricultural, Industrial and Construction Equipment Sales</i>
Earle L. Edmonds	<i>Secretary</i>
Edward R. Griffith	<i>Treasurer</i>

### OTHER EXECUTIVES

Charles W. Wolfard	<i>Director, Project Planning</i>
Donald A. Brown	<i>Manager, Industrial Equipment Sales</i>
W. Norman Buckingham	<i>Manager, Public Relations</i>
John E. Colby	<i>Manager, Supply and Inventory</i>
T. Donald Husband	<i>Manager, Truck Sales</i>
Alex R. McCombe	<i>Manager, Construction Equipment Sales</i>
Charles J. Munro	<i>Manager, Agricultural Equipment Sales</i>
Lawrence J. Murphy	<i>Manager, Sales Finance</i>
Ronald E. Penfold	<i>Manager, Engineering</i>



## President's Letter



In many respects, 1974 was a year of achievement for International Harvester Canada. For the first time, we exceeded the half-billion dollar mark in sales volume. A new level was also attained in net income.

Demand remained strong throughout most of our markets with good acceptance of our products and services. Several factors, including continuing shortages of many materials and components, prevented even greater sales results. I regret the inconveniences these shortages may have caused our customers. At the same time I acknowledge the efforts made by many of our suppliers to maintain our heavy production schedules.

Production and services were also disrupted by labour problems, including several at our own operations. During 1974, strikes were called at the Chatham truck plant, the Candiach construction equipment plant and the Burlington parts distribution centre.

We are continuing to strengthen our manufacturing and marketing organizations. New facilities are being added and others modernized. Dealers and distributors continue to upgrade their operations. They share the Company's belief that providing good service is as vital as quality products in maintaining leadership in our markets.

During 1974, International Harvester Canada acquired Seddon Diesel Vehicles Limited, of Oldham, England. Seddon is a moderate size manufacturer of medium and heavy-duty trucks. Through this acquisition we will be able to participate in a large and important truck market. At the same time, it strengthens IH representation in the United Kingdom and complements corporate expansion in the European market.

The Company's plans and outlook for 1975 will be affected by economic conditions that have developed during 1974. These conditions will influence our markets, at home and abroad, in a variety of ways.

Current prospects in the construction industry centre mainly on road building and major projects. We anticipate continuing demand for our construction equipment and for trucks used in those areas of the economy.

The downturn in housing starts has seriously affected the lumbering industry. This has, in turn, curtailed sales opportunities for logging equipment and trucks. However, this should be partially offset by sales in the pulp and paper segment of the forest industries.

Our 1975 truck business will reflect economic conditions as a whole. Many light-duty trucks are now used as recreational vehicles and this market is dependent on individual incomes. Sales of medium and heavy-duty trucks are directly affected by trends in the general economy. We will be taking every opportunity to expand our participation in a number of markets and industries.



Sales of our Solar turbine engines will continue to grow, particularly as the development and transmission of petroleum products and natural gas becomes even more important.

We expect that demand for some agricultural equipment lines will continue to exceed supply. While harvest weather conditions and disruptions in grain shipments during 1974, along with insufficient returns for livestock producers may have a temporary impact, we are optimistic for the agricultural industry outlook in 1975. In the long term, Canada's farmers can look forward to a buoyant demand in the world's accelerating need for food.

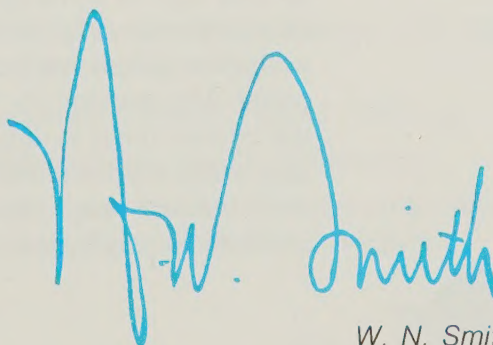
Like many other companies, we move into 1975 with mixed feelings. There is uncertainty as to the course of economic events in this country and throughout the world. Inflation and governmental actions or reactions can cloud any forecast.

Government must assume a more serious-minded approach to its role in curtailing inflation, planning economic growth and fostering secondary industry on which Canada depends for employment. There could well be a more serious and effective attitude to solving the broad economic problems that confront Canada.

The solution of economic difficulties relies heavily upon the coordination of efforts by business and government. Canada's potential can only be realized when these efforts are integrated and directed toward mutually acceptable objectives.

From the Company's outlook, we are re-assured by the fact that our products are doing vital work in essential industries. Canada's future largely depends on developments in resource industries, utilities, agriculture and transportation. Our products are involved in all these crucial sectors.

On behalf of the Board of Directors, I take this opportunity to thank our customers for their continued confidence during 1974 and to express our appreciation to employees, dealers and distributors for their dedicated efforts. I am confident that they will continue to make a full and rewarding contribution during the coming year.

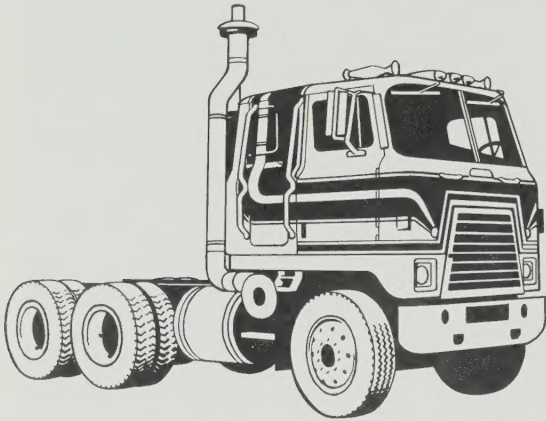
A handwritten signature in blue ink, appearing to read 'W. N. Smith'. The signature is fluid and cursive, with a large initial 'W' and 'S'.

W. N. Smith





## Opportunities for Continued Growth



In achieving a 1974 sales level of over half a billion dollars, the Company has more than doubled its annual sales volume since 1971.

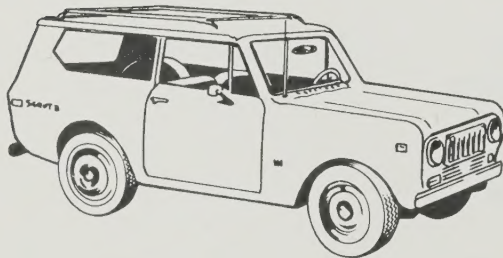
To maintain this momentum of rapid growth, we have expanded our market research resources to provide more accurate forecasts of needs in the industries we serve and of the company facilities required to meet them.

Our optimistic view of the Company's future reflects the outlook for growth in the industries that use our products; resource development, construction, agriculture and transportation. It is estimated that capital investments in these and other sectors of the economy will approach \$500 billion during the next decade.



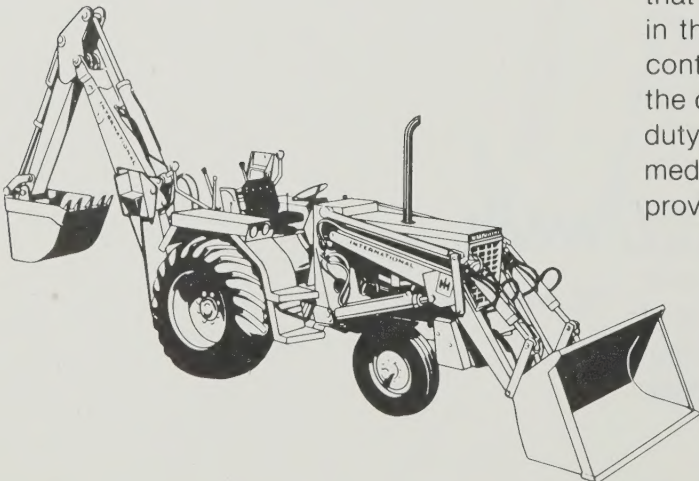
The continuing trend to larger, more productive equipment will be an important factor in achieving that growth. This trend is evident in products we introduced in 1974. These included two models of heavy-duty off-highway Pacific trucks, the P-510 and the P-12. Along with the P-16, they have a wide range of applications and we are now looking to further markets for these custom-designed trucks.

Several higher horsepower rubber-tired loaders and crawler tractors in our construction equipment and industrial equipment lines were offered in 1974.



Greater productivity in agriculture has become more essential in view of the world food situation. In keeping with this need, we recently introduced two additions to our agricultural tractor line, which now ranges from 10 to 225 horsepower. We also have a new hay baler that can produce 1500 pound bales, requiring less total handling and manpower than the conventional 40 to 70 pound bales.

The final industry demand for trucks in 1974 is expected to reach an all time high of some 300,000 units. This follows the rate of increase that began in 1971. While the total market is expected to level off in the immediate period ahead, there are indications of a strong continuing demand for heavy-duty units. This is consistent with the current trend to larger trucks. During the past four years heavy-duty sales have doubled, compared to a 50 per cent increase in the medium-duty range. Our newest heavy-duty model, the Transtar II, provides for high productivity, driver comfort and convenience.





Recent years have seen the expanding use of light-duty trucks for recreation. Our 1975 models of the popular four-wheel-drive Scout, the Travelall and pickups combine reliability, comfort and a wide selection of options for this consumer market.

We are also making steady gains in supplying outdoor power products for the home. In 1974, we introduced a new line of Cub Cadet tractors designed for quiet operation and easy maintenance. A complete range of attachments for these tractors includes mowers, sweepers, tillage tools and snow blowers.

Together with this positive forecast for our domestic markets, we see increasing potential in the export field. The United States remains our largest export market. However, we are successfully developing new off-shore markets for trucks from our Chatham and Vancouver plants, agricultural equipment from Hamilton and log skidders from Candiatic.

As we look to the years ahead, we see great opportunities both in Canada and abroad, and we are confident that the Company's buoyant growth will be sustained.

## **Executive Changes**

Joseph A. Hart was elected vice president and a director, with responsibility for manufacturing and employee relations.

Charles W. Wolfard was appointed Director, Project Planning.

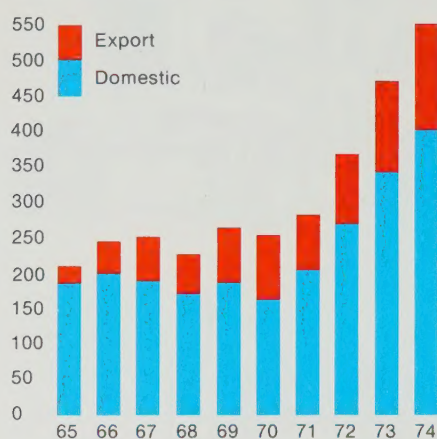
John E. Colby was appointed Manager, Supply & Inventory.

Charles R. Dean, vice president and a director, resigned to accept an executive position with International Harvester Company.



## SALES

Millions of Dollars



## Financial Review

Sales in 1974 were \$550,022,000 which exceeded 1973 by 17%. This was the greatest volume of business in the Company's history and every product group surpassed its previous sales record. Sales of our Canadian produced goods to export markets were significant and amounted to almost \$150,000,000 in 1974.

Consolidated Net Income was \$23,640,000, an increase of more than 8% over 1973. This is a new high for International Harvester Canada and represents the fourth consecutive year of increased earnings. Costs and expenses rose faster than revenues resulting in a reduced profit on sales to 4.3% from 4.6% in 1973.

Our sales volume in 1974 was limited by the availability of certain products. This situation was caused by basic material and whole goods shortages from suppliers as well as the strikes we experienced at two of our manufacturing plants and our primary service parts distribution centre. The shortage problems also resulted in excess costs to manufacture and distribute. In addition, higher costs were incurred as prices continued to escalate during the year for raw materials and components.

Earnings of International Harvester Credit Corporation of Canada Limited were \$3,641,000, a gain of 3% over the previous record year. The revenue growth was substantial, but the high interest rates prevalent throughout the year curtailed the profitability of our finance operations.

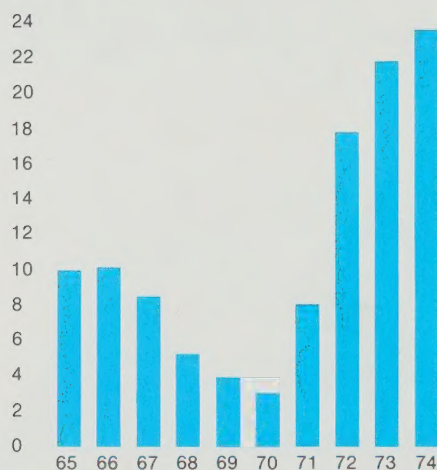
Total inventories of finished goods, raw materials and supplies, and work in process increased from \$85,570,000 in 1973 to \$131,836,000 in 1974. The 1974 figures include \$22,368,000 which represents the inventories of Seddon Diesel Vehicles Limited. Higher inventories were required to sustain the growth of our business in Canada.

Capital expenditures were \$19,977,000 in 1974. Expenditures in 1973 were \$8,547,000. The 1974 total includes the land, buildings and equipment of Seddon Diesel Vehicles Limited at fair market value of \$13,328,000 at the time of acquisition, June 30, 1974. No capital additions or disposals for Seddon Diesel Vehicles Limited subsequent to June 30, 1974 are included. Commitments on appropriations in progress at October 31, 1974 were approximately \$2,925,000. The investment in the expansion and modernization of our Company's operations is an essential element in our plans for accomplishing the growth objectives of our business.

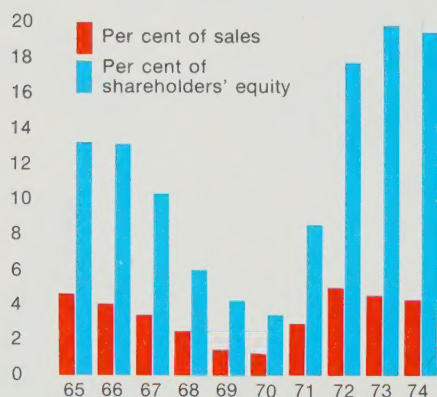
The Company's average employment in Canada in 1974 was 7,144 compared to 6,510 in 1973. Compensation paid to employees in 1974 totalled \$77,959,000, (1973 - \$66,071,000). In addition, approximately \$12,500,000, (1973 - \$11,500,000) was paid for insurance, medical and pension plans and other fringe benefits.

## NET INCOME

Millions of Dollars



## RETURN ON SALES AND EQUITY







INTERNATIONAL HARVESTER COMPANY OF CANADA, LIMITED and Subsidiaries

## Consolidated Statement of Income and Income Retained

For the Years Ended October 31, 1974 and 1973

SALES AND OTHER REVENUES	1974	1973
Sales		
Dealers and users in Canada	\$401,361,000	\$340,774,000
International Harvester Company	145,170,000	125,242,000
Other affiliated companies and jobbers	<u>3,491,000</u>	<u>3,221,000</u>
	550,022,000	469,237,000
Finance operations revenue	<u>16,220,000</u>	<u>12,440,000</u>
TOTAL SALES AND OTHER REVENUES	<u>566,242,000</u>	<u>481,677,000</u>
 COSTS AND EXPENSES		
Cost of sales	465,475,000	396,824,000
Marketing and administrative expenses	36,267,000	31,843,000
Interest expense	18,550,000	9,839,000
Sundry deductions less other income	2,201,000	2,141,000
Provision for income taxes		
Current	18,763,000	19,112,000
Deferred	<u>1,346,000</u>	<u>157,000</u>
TOTAL COSTS AND EXPENSES	<u>542,602,000</u>	<u>459,916,000</u>
 NET INCOME	<u>23,640,000</u>	<u>21,761,000</u>
 DIVIDENDS PAID	<u>11,700,000</u>	<u>9,800,000</u>
 INCOME RETAINED — FOR THE YEAR	11,940,000	11,961,000
— AT BEGINNING OF THE YEAR	<u>106,976,000</u>	<u>95,015,000</u>
— AT END OF THE YEAR	<u>\$118,916,000</u>	<u>\$106,976,000</u>

The accompanying Summary of Accounting Policies and Notes are an integral part of this statement.



**Consolidated Statement of Financial Condition**

October 31, 1974 and 1973

<b>ASSETS</b>	<b>1974</b>	<b>1973</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 148,000	\$ 103,000
Notes receivable (note 1)	125,617,000	98,319,000
Accounts receivable — less allowances	36,614,000	29,667,000
Accounts receivable from affiliated companies	74,000	288,000
Deferred income taxes	1,475,000	1,527,000
Inventories (note 2)	131,836,000	85,570,000
TOTAL CURRENT ASSETS	295,764,000	215,474,000
NOTES RECEIVABLE, LONG-TERM (note 1)	79,476,000	63,296,000
PROPERTY, PLANT AND EQUIPMENT		
At cost, less depreciation and amortization (note 3)	45,854,000	31,631,000
OTHER ASSETS	9,843,000	4,365,000
TOTAL ASSETS	<u>\$430,937,000</u>	<u>\$314,766,000</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Bank indebtedness	\$ 53,952,000	\$ 27,277,000
Notes payable	98,671,000	65,992,000
Current invoices, payrolls and accruals	55,942,000	31,622,000
Accrued taxes	7,209,000	5,623,000
Current maturities of long-term debt	5,535,000	5,967,000
Amounts due to affiliated companies	2,710,000	1,711,000
TOTAL CURRENT LIABILITIES	224,019,000	138,192,000
LONG-TERM DEBT (note 4)	71,709,000	54,598,000
DEFERRED INCOME TAXES	1,293,000	—
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock		
Authorized, issued and fully paid — 150,000 common shares of \$100 par value	15,000,000	15,000,000
Income retained	118,916,000	106,976,000
TOTAL SHAREHOLDERS' EQUITY	133,916,000	121,976,000
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$430,937,000</u>	<u>\$314,766,000</u>

Approved by the Board: W. N. Smith, *Director*  
L. W. Lincke, *Director*

*The accompanying Summary of Accounting Policies and Notes are an integral part of this statement.*



**Consolidated Statement of Changes in Financial Position**

For the Years Ended October 31, 1974 and 1973

SOURCE OF WORKING CAPITAL	1974	1973
Net income	\$ 23,640,000	\$ 21,761,000
Items not requiring outlay of working capital		
Depreciation and amortization	4,884,000	4,762,000
Deferred income taxes	1,346,000	157,000
Other	111,000	111,000
Working capital provided from operations	29,981,000	26,791,000
Property disposals	871,000	527,000
Increase in long-term debt	17,111,000	11,100,000
TOTAL SOURCE	47,963,000	38,418,000
APPLICATION OF WORKING CAPITAL		
Capital expenditures		
Canadian facilities	5,528,000	5,102,000
Equipment for lease	1,121,000	3,445,000
Seddon Diesel Vehicles Limited	13,328,000	—
Total capital expenditures	19,977,000	8,547,000
Dividends paid	11,700,000	9,800,000
Increase in notes receivable, long-term	16,180,000	10,273,000
Other — net	5,643,000	471,000
TOTAL APPLICATION	53,500,000	29,091,000
(DECREASE) INCREASE IN WORKING CAPITAL	(5,537,000)	9,327,000
WORKING CAPITAL — AT BEGINNING OF THE YEAR	77,282,000	67,955,000
— AT END OF THE YEAR	\$ 71,745,000	\$ 77,282,000
CHANGES IN WORKING CAPITAL		
Cash	\$ 45,000	\$ 43,000
Marketable securities	—	(2,981,000)
Notes and accounts receivable	34,031,000	19,754,000
Deferred income taxes	(52,000)	(286,000)
Inventories	46,266,000	19,508,000
Bank indebtedness	(26,675,000)	(12,539,000)
Notes payable	(32,679,000)	(10,007,000)
Current invoices, payrolls and accruals	(24,320,000)	(10,414,000)
Accrued taxes	(1,586,000)	4,582,000
Current maturities of long-term debt	432,000	899,000
Amounts due to affiliated companies	(999,000)	768,000
(DECREASE) INCREASE IN WORKING CAPITAL	\$ (5,537,000)	\$ 9,327,000

The accompanying Summary of Accounting Policies and Notes are an integral part of this statement.



# Auditors' Report

## DELOITTE, HASKINS & SELLS

*Offices across Canada and associated firms throughout the world*

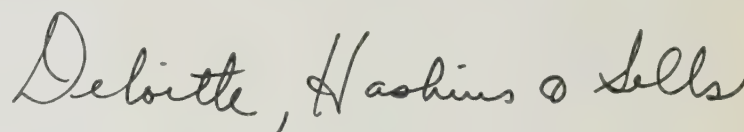
*Chartered Accountants*

105 MAIN STREET EAST HAMILTON, ONTARIO

To the Shareholders of  
International Harvester Company of Canada, Limited:

We have examined the consolidated financial statements of International Harvester Company of Canada, Limited and subsidiaries as at October 31, 1974 and 1973 and for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements (pages 7 through 11) present fairly the financial position of International Harvester Company of Canada, Limited and subsidiaries as at October 31, 1974 and 1973 and the results of their operations and changes in their financial position for the years then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, as restated to consolidate the accounts of International Harvester Credit Corporation of Canada Limited and Harcan Leasing Limited (Summary of Accounting Policies).



November 26, 1974

## Summary of Accounting Policies

### **Basis of Consolidation**

The accompanying financial statements include the accounts of International Harvester Company of Canada, Limited and its wholly-owned subsidiaries, Pacific Truck & Trailer Manufacturing Limited, Seddon Diesel Vehicles Limited (acquired June 30, 1974), Harcan Leasing Limited and International Harvester Credit Corporation of Canada Limited.

International Harvester Credit Corporation of Canada Limited and Harcan Leasing Limited were not consolidated in the financial statements in prior years but were accounted for under the equity method by which the investment in these subsidiaries was adjusted annually through the statement of income and income retained to reflect the Company's equity in the net earnings of such subsidiaries. These subsidiaries have been consolidated in 1974 to conform with revised reporting requirements issued by the Accounting Research Committee of the Canadian Institute of Chartered Accountants. The 1973 figures have been restated to reflect this method of presentation.

The Consolidated Statement of Financial Condition contains the assets and liabilities of Seddon Diesel Vehicles Limited at June 30, 1974. This subsidiary's income for the period July 1, 1974 to October 31, 1974 has not been included on consolidation.

Investments in co-dealerships are carried at cost.

### **Foreign Exchange**

Current assets and current liabilities in foreign currencies are translated into Canadian dollars at the year end exchange rates. Other foreign currency assets and liabilities are translated generally at the exchange rate prevailing at the time of acquisition.

### **Inventory Valuation**

Inventories are valued at the lower of cost or market, market being considered as replacement cost, which does not exceed net realizable value.

### **Depreciation and Amortization**

Depreciation and amortization is generally computed on a straight-line basis over the useful lives of the properties.

### **Deferred Income Taxes**

The Company and its subsidiaries follow the accounting practice of providing the total amount of income taxes applicable to the income reported in the year regardless of the year in which the income taxes are actually payable.

### **Engineering and Research Expenditures**

Expenditures for the development of new and improved products are charged to costs as incurred.



# Notes to Consolidated Financial Statements

## 1. Notes Receivable

	1974	1973
Notes receivable — wholesale	\$ 78,156,000	\$ 64,271,000
— retail	148,356,000	110,358,000
Unearned finance charges	(18,738,000)	(10,485,000)
Allowance for doubtful notes	(2,077,000)	(1,928,000)
Allowance for trade allowances and deferred discounts	(604,000)	(601,000)
Total Notes Receivable	205,093,000	161,615,000
Current portion	125,617,000	98,319,000
NOTES RECEIVABLE, LONG-TERM	\$ 79,476,000	\$ 63,296,000

## 2. Inventories

Finished goods	\$ 71,857,000	\$ 50,548,000
Raw materials and supplies	45,829,000	24,603,000
Work in process	14,150,000	10,419,000
TOTAL INVENTORIES	\$131,836,000	\$ 85,570,000

## 3. Property, Plant and Equipment

Buildings, machinery and equipment at cost:		
Manufacturing	\$ 55,462,000	\$ 46,298,000
Distribution	19,022,000	16,626,000
Other	11,861,000	11,133,000
	86,345,000	74,057,000
Less accumulated depreciation	49,067,000	46,053,000
	37,278,000	28,004,000
Tooling and pattern equipment, at cost, less amortization	2,281,000	1,172,000
Land, at cost	6,295,000	2,455,000
NET PROPERTY	\$ 45,854,000	\$ 31,631,000

## 4. Long-term Debt

International Harvester Company of Canada, Limited		
10½% Medium Term Notes, Series A, due 1976 to 1979 with interest payable semi-annually	\$ 16,225,000	\$ —
Subsidiaries		
5¾% — 12½% Senior Indebtedness, series A to D debentures and notes due 1975 to 1984 with interest payable semi-annually	49,375,000	49,107,000
6% — 7¾% Subordinated Indebtedness — notes, due 1977 to 1993, with interest payable semi-annually (includes \$6,600,000 U.S. funds due to affiliates)	11,111,000	11,111,000
Other long-term obligations — 7% debenture and 7¾% mortgage loans payable in sterling £499,565 to 1991 and a 1977 6% debenture — all secured by subsidiaries' assets	533,000	347,000
	77,244,000	60,565,000
Current portion	5,535,000	5,967,000
LONG-TERM DEBT	\$ 71,709,000	\$ 54,598,000

Covenants attached to the 10½% Medium Term Notes Series A restrict the distribution of earnings subsequent to November 1, 1973 to not more than 60% of consolidated net earnings available for distribution. The senior and subordinated indebtedness of subsidiaries above is secured by net tangible assets as defined by the respective trust deeds.

## 5. Retirement Plans

The Company has retirement plans in effect for eligible salaried and hourly rated employees. Total pension expense for 1974 was \$4,795,000, (1973 — \$4,162,000). Pension costs are computed on the basis of accepted actuarial methods and include amortization of past service costs which are being funded over 25 years from January 1, 1965. The actuarially computed unfunded liability in respect of past service benefits at October 31, 1974 was \$35,930,000, of which \$29,620,000 was vested in accordance with the terms of the plans but for which the Company does not have a legal obligation.

## 6. Statutory Information

The remuneration to directors and senior officers, as defined in the Business Corporations Act, Ontario, for the year ended October 31, 1974 amounted to \$339,000 (1973 — \$308,000).

## 7. Contingent Liabilities

Claims pending against the Company arising out of the conduct of its business include several in which claims are made in substantial amounts. The Company's liability in respect of such claims was not determinable at October 31, 1974, but it is the opinion of the Management that any resulting liability will not materially affect the consolidated financial position or results of operations of the Company and its consolidated subsidiaries.



**Consolidated Statistical Data** (Dollar amounts in millions)

	1974	1973	1972
<b>SALES BY AREA OF FINAL SALE</b>			
Canada	<b>\$401.4</b>	\$340.7	\$269.4
United States	<b>145.2</b>	125.2	93.0
Europe and Africa	<b>1.1</b>	1.6	1.9
Latin America	<b>1.3</b>	.7	.9
Pacific Area	<b>1.0</b>	1.0	1.2
Total	<b><u>\$550.0</u></b>	<u>\$469.2</u>	<u>\$366.4</u>
<b>NET INCOME</b>			
Amount	<b>\$ 23.6</b>	\$ 21.8	\$ 17.8
Per cent of sales	<b>4.30%</b>	4.64%	4.86%
Per cent of shareholders' equity beginning of year	<b>19.38%</b>	19.78%	17.68%
<b>DEPRECIATION AND AMORTIZATION</b>			
	<b><u>\$ 4.9</u></b>	<u>\$ 4.8</u>	<u>\$ 4.0</u>
<b>TAXES — FEDERAL, PROVINCIAL AND LOCAL</b>			
	<b><u>\$ 45.7</u></b>	<u>\$ 43.0</u>	<u>\$ 34.2</u>
<b>CAPITAL EXPENDITURES</b>			
	<b><u>\$ 20.0</u></b>	<u>\$ 8.5</u>	<u>\$ 6.1</u>
<b>SHAREHOLDERS' EQUITY AT END OF YEAR</b>			
Capital stock	<b>\$ 15.0</b>	\$ 15.0	\$ 15.0
Income retained	<b>118.9</b>	107.0	95.0
Total shareholders' equity	<b><u>\$133.9</u></b>	<u>\$122.0</u>	<u>\$110.0</u>
<b>REPRESENTED BY</b>			
Current assets	<b>\$295.7</b>	\$215.5	\$179.4
Less: Current liabilities	<b>224.0</b>	138.2	111.4
Working capital	<b>71.7</b>	77.3	68.0
Net property	<b>45.9</b>	31.6	28.3
Notes receivable — long-term	<b>79.5</b>	63.3	53.0
Other assets	<b>9.8</b>	4.4	4.3
Total	<b><u>206.9</u></b>	<u>176.6</u>	<u>153.6</u>
Less:			
Long-term debt	<b>71.7</b>	54.6	43.5
Deferred income taxes	<b>1.3</b>	—	.1
Total	<b><u>73.0</u></b>	<u>54.6</u>	<u>43.6</u>
Total net assets	<b><u>\$133.9</u></b>	<u>\$122.0</u>	<u>\$110.0</u>
<b>AVERAGE NUMBER OF EMPLOYEES (CANADA)</b>			
	<b>7144</b>	6510	5667

1971	1970	1969	1968	1967	1966	1965
\$204.1	\$161.6	\$187.0	\$170.7	\$194.8	\$201.5	\$187.6
74.2	88.7	74.5	51.7	53.7	42.6	25.0
.6	.4	.3	.9	.8	.4	.4
.3	1.0	1.1	.7	.6	.5	.6
1.7	.5	.6	.9	1.1	1.3	1.1
<u>\$280.9</u>	<u>\$252.2</u>	<u>\$263.5</u>	<u>\$224.9</u>	<u>\$251.0</u>	<u>\$246.3</u>	<u>\$214.7</u>
\$ 8.1	\$ 3.1	\$ 3.9	\$ 5.3	\$ 8.5	\$ 10.2	\$ 10.0
2.88%	1.23%	1.48%	2.36%	3.39%	4.14%	4.66%
8.54%	3.36%	4.28%	6.06%	10.29%	13.08%	13.19%
<u>\$ 3.4</u>	<u>\$ 3.7</u>	<u>\$ 4.5</u>	<u>\$ 4.6</u>	<u>\$ 4.2</u>	<u>\$ 3.2</u>	<u>\$ 2.8</u>
<u>\$ 24.0</u>	<u>\$ 14.1</u>	<u>\$ 16.0</u>	<u>\$ 14.8</u>	<u>\$ 20.2</u>	<u>\$ 19.5</u>	<u>\$ 19.0</u>
<u>\$ 3.1</u>	<u>\$ 3.8</u>	<u>\$ 4.3</u>	<u>\$ 3.7</u>	<u>\$ 7.6</u>	<u>\$ 5.8</u>	<u>\$ 4.0</u>
\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0
85.7	79.8	77.2	76.2	72.4	67.6	63.0
<u>\$100.7</u>	<u>\$ 94.8</u>	<u>\$ 92.2</u>	<u>\$ 91.2</u>	<u>\$ 87.4</u>	<u>\$ 82.6</u>	<u>\$ 78.0</u>
\$160.2	\$141.3	\$144.1	\$126.1	\$122.8	\$121.5	\$107.9
89.6	94.0	92.0	70.6	68.2	60.1	45.2
70.6	47.3	52.1	55.5	54.6	61.4	62.7
27.0	29.0	29.5	29.8	31.0	27.7	25.3
39.5	44.5	35.2	30.6	20.5	13.1	7.7
4.5	4.1	1.7	2.0	2.0	1.8	1.2
<u>141.6</u>	<u>124.9</u>	<u>118.5</u>	<u>117.9</u>	<u>108.1</u>	<u>104.0</u>	<u>96.9</u>
40.4	29.5	26.0	26.1	19.9	20.7	18.4
.5	.6	.3	.6	.8	.7	.5
40.9	30.1	26.3	26.7	20.7	21.4	18.9
<u>\$100.7</u>	<u>\$ 94.8</u>	<u>\$ 92.2</u>	<u>\$ 91.2</u>	<u>\$ 87.4</u>	<u>\$ 82.6</u>	<u>\$ 78.0</u>
4812	5828	6189	6363	7316	7515	6462





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